

its own analysis of the project’s benefits and how its results are consistent with the results of National Grid’s analysis.

I. DESCRIPTION OF COMMENTER

NESCOE is the Regional State Committee (“RSC”) for New England. It is governed by a board of managers appointed by the Governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through a regional tariff that ISO-NE administers.² NESCOE’s mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest possible price over the long term, consistent with maintaining reliable service and environmental quality.³ These comments represent the collective view of the six New England States.

II. BACKGROUND

As described at greater length in the Filing and herein, National Grid’s request here is the next FERC-facing step in a state-led effort to construct additional transmission in New England that will provide benefits to consumers, including power system reliability, congestion relief, and affordability.⁴ This state-led effort began on September 25, 2023, when participating New England states invited proposals from developers for a potential application for funding under the U.S. Department of Energy’s (“DOE”) Grid Innovation Program (“GIP”).⁵ One of the

² *ISO New England Inc.*, 121 FERC ¶ 61,105 (2007).

³ See Sept. 8, 2006 NESCOE Term Sheet (“NESCOE Term Sheet”) that was filed for information as Exhibit A to the Memorandum of Understanding among ISO-NE, the New England Power Pool (“NEPOOL”), and NESCOE (the “NESCOE MOU”). Informational Filing of the New England States Committee on Electricity, Docket No. ER07-1324-000 (filed Nov. 21, 2007). Pursuant to the NESCOE MOU, the NESCOE Term Sheet is the binding obligation of ISO-NE, NEPOOL, and NESCOE.

⁴ The first FERC-facing step was a filing that Connecticut Light and Power Company (“CL&P”) made on December 18, 2024, which FERC docketed as ER25-747-000. In its filing, CL&P similarly seeks an abandoned plant incentive for its Huntsbrook Project, which consists of certain transmission upgrades included in the Power Up New England portfolio of projects. NESCOE filed comments in support of CLP’s filing in ER25-747-000 on January 8, 2025.

⁵ Filing, Attachment A, Testimony of Robert Andrew Schneller (“Schneller Testimony”), at 3:18–21.

proposals that the states received was National Grid’s proposal to construct the NGPUP.⁶ National Grid designed NGPUP to “provide congestion relief enabling 2,400 MW of simultaneous power injection capacity at Brayton Point in coastal Massachusetts.”⁷ The New England states evaluated proposal submissions and ultimately elected to include the NGPUP in a portfolio of proposed projects referred to as “Power Up New England” (“Power Up”).⁸ Power Up is designed to increase electric reliability, significantly reduce wholesale energy costs for New England consumers, deliver benefits to local communities, and provide quality, equitable job and workforce opportunities.⁹ Another New England transmission owner, CL&P, also submitted a proposal to develop an offshore wind connection point, which the New England states included in Power Up together with NGPUP.¹⁰

In January 2024, agencies for all six New England states submitted a concept paper to DOE in support of Power Up, and in April 2024, the states, together with National Grid and other project partners, submitted a full application to DOE.¹¹ On August 6, 2024, DOE announced that it had selected Power Up to receive \$389 million in funding through the GIP.¹² In addition to the NGPUP and the Huntsbrook Project, the DOE award will also support a long-duration energy storage system in Northern Maine.¹³

⁶ *Id.* at 3:13–4:4.

⁷ Filing, Transmittal Letter (“Transmittal Letter”), at 3.

⁸ Schneller Testimony, at 3:13–4:12.

⁹ *See* Grid Resilience and Innovation Partnerships Program Fact Sheet, available at https://www.energy.gov/sites/default/files/2024-10/MassDeptEnergyResources_GRIP%20_40103b_Fact_Sheet.pdf

¹⁰ As described in note 4 *supra*, CL&P also filed a request for an abandoned plant incentive for its portion of Power Up, which is docketed at ER25-747-000.

¹¹ *See* Schneller Testimony, at 4:4–6.

¹² *See id.* at 4:6–7.

¹³ Transmittal Letter, at 3.

Following the submission of the application to DOE, NESCOE negotiated a term sheet with National Grid and CL&P (the “Term Sheet”) concerning the cost recovery and cost management of the two Power Up transmission projects: NGPUP and CL&P’s project.¹⁴ The Term Sheet calls for National Grid and CL&P to seek “regional cost allocation as endorsed by the New England states and will propose to spread the allocated revenue requirements across all regional network load in New England on a load ratio basis.”¹⁵ As to cost transparency, the Term Sheet creates a process for NESCOE to engage a consultant to review the ongoing project costs of Power Up’s transmission projects and to share those results with New England stakeholders through the Planning Advisory Committee.¹⁶ The Term Sheet further provides that NESCOE will have the right to cancel a transmission owner’s project if the projected project costs exceed certain cost thresholds.¹⁷ In addition, the Term Sheet also provides for incremental rate of return on common equity (“ROE”) reductions for a project if its cost overruns exceed certain thresholds when measured against the transmission owner’s final project budget.¹⁸ Finally, as is most relevant here, under the Term Sheet and in connection with the consumer protections including the termination rights that NESCOE negotiated, NESCOE agreed to support the transmission owners’ requests for “recovery of 100% of prudently incurred project costs, inclusive of any development costs, investment in cancelled plant, and ISO-NE deposits and/or withdrawal penalties, if their respective project is cancelled, terminated, or abandoned.”¹⁹

¹⁴ See Filing, Attachment D, Term Sheet.

¹⁵ *Id.* at 2.

¹⁶ *Id.* at 3.

¹⁷ *Id.* at 4.

¹⁸ *Id.* at 5.

¹⁹ *Id.* at 1.

NESCOE, through a vote of its managers—each appointed by the governors of their respective states—voted to adopt and support the Term Sheet. The vote was unanimous, with managers representing all six New England states voting in favor.

III. COMMENTS

A. NESCOE Supports Power Up and National Grid’s Requested Relief.

NESCOE strongly supports NGPUP and National Grid’s Filing. NGPUP is a significant component of Power Up, which was developed through a state-led process and presents a tremendous opportunity to provide benefits to consumers and support the needs of the future electric grid. As described in § II *supra* and National Grid’s Filing, NGPUP will increase electric reliability in New England, relieve congestion, reduce wholesale costs for customers, and reduce carbon emissions. Also, NGPUP stands to receive a portion of the \$389 million in funding for Power Up as a whole, significantly defraying the costs to New England ratepayers.

This funding will offset the costs paid by ratepayers because funding from DOE will be treated as a credit to rate base and thus the transmission owners will not receive a return on that portion of their investment.²⁰ In addition, NESCOE has negotiated favorable terms for consumers in the Term Sheet that would not apply as a matter of course to a typical New England transmission project.²¹ The consumer benefits of the Term Sheet include the transmission owners funding a consultant who will review and report on costs on an annual basis for NESCOE and other stakeholders in the region, a provision for NESCOE to cancel a project if its costs exceed its original estimates (*i.e.*, their estimates submitted to DOE in the Power Up application), and ROE reductions if a project continues but its costs exceed certain

²⁰ See Term Sheet, at 2.

²¹ See *id.*, at 5 (recognizing the unique nature of Power Up).

benchmarks.²² Considering the significant regional benefits that NGPUP will provide to New England customers, the substantial portion of the costs defrayed by DOE funding, and the cost containment and transparency measures that National Grid has agreed to in the Term Sheet, NESCOE strongly believes that NGPUP is in the public interest.

NESCOE also strongly supports National Grid's request for an abandoned plant incentive. In Order No. 679, FERC stated that "We find that an applicant may request 100 percent of prudently-incurred costs associated with abandoned transmission projects can be included in transmission rates if such abandonment is outside the control of management."²³ Although NESCOE would ordinarily be skeptical of a request for an incentive that would allow a transmission developer to recover 100 percent of its prudently incurred costs for its abandoned plant, NESCOE agrees with National Grid that the full abandoned plant incentive is just and reasonable here given the uniqueness of NGPUP and the interrelated provisions in the Term Sheet. National Grid's profitability for NGPUP is lower than an ordinary project of the same size because NGPUP will be financed in large part by a federal grant, and therefore National Grid will not earn a return on the portion of the investment reimbursed by the grant. In addition, through the Term Sheet, National Grid undertook an additional risk in providing NESCOE the right to cancel the project under certain circumstances—a right that NESCOE would not typically have for a transmission project. Simple fairness suggests that National Grid should be allowed to recover 100 percent of its prudently incurred costs if NESCOE ultimately elects to cancel NGPUP for reasons outside of the developer's control. Accordingly, in addition to

²² See Term Sheet.

²³ *Promoting Transmission Investment Through Pricing Reform*, Order No. 679, 116 FERC ¶ 61,057, at P 163 ("Order No. 679"), *order on reh'g*, Order No. 679-A, 117 FERC ¶ 61,345 (2006) ("Order No. 679-A"), *order on reh'g*, 119 FERC ¶ 61,062 (2007).

strongly supporting NGPUP itself, NESCOE also strongly supports National Grid's request for an abandoned plant incentive for the project.

B. Granting National Grid's Request for an Abandoned Plant Incentive Is Consistent with the Commission's Policy of Encouraging Developer and State Cooperation.

Granting National Grid's requested abandoned plant incentive is fully consistent with the Commission's policy of encouraging cooperation between developers and the states to build much-needed transmission facilities in a cost-effective manner. In its policy statement on State Voluntary Agreements to Plan & Pay for Transmission Facilities ("Policy Statement on Voluntary Agreements"), the Commission stated that voluntary agreements between the states and transmission developers can facilitate the development of "cost-effective and reliable transmission facilities" by "for example, providing states with a way to prioritize, plan, and pay for transmission facilities that, for whatever reason, are not being developed pursuant to the regional transmission planning processes required by Order No. 1000."²⁴

As the Commission recognized in its Policy Statement on Voluntary Agreements, the collaboration between transmission developers and states can result in approaches to developing cost-effective transmission that might not be possible through other existing processes. NESCOE respectfully submits that those ideals have been realized in the New England states' collaboration with National Grid and CL&P on Power Up. As discussed *supra*, NGPUP and the larger Power Up portfolio of projects were developed through a state-led process that ultimately led to securing significant federal funding that will materially defray the costs that will ultimately fall on ratepayers. Moreover, in addition to the state-developer cooperation that led to the design

²⁴ *State Voluntary Agreements to Plan & Pay for Transmission Facilities*, 175 FERC ¶ 61,225, at P 2 (2021).

of the Power Up portfolio, NESCOE, National Grid, and partner CL&P negotiated the Term Sheet. As part of the Term Sheet negotiations, NESCOE, has, *inter alia*, agreed to a cost allocation methodology, consented to support an abandoned plant incentive, negotiated a right to terminate the project under certain circumstances, and created a mechanism to reduce National Grid's ROE in the event that the project continues but cost overruns reach certain thresholds.

A denial of the abandoned plant incentive here would upend the first-of-its kind negotiated compromise reflected in the Term Sheet, which could put Power Up and its many consumer benefits at risk. Lastly, it may also discourage future efforts between the states and transmission owners to develop new cost-effective facilities, putting at risk the Commission's policy of encouraging voluntary developer and state cooperation. Therefore, for these reasons, NESCOE respectfully requests that the Commission grant National Grid's requested abandoned plant incentive to allow NESCOE to effectuate its agreement with National Grid and deliver the benefits of Power Up to consumers in New England.

C. National Grid Has Shown That NGPUP Will Bring Net Benefits to New England Customers, and National Grid's Evidence Is Consistent with NESCOE's Own Internal Analysis.

Finally, NESCOE also agrees that National Grid has made the necessary showing that NGPUP will provide net benefits to New England ratepayers. Pursuant to Order No. 679, an applicant must show, *inter alia*, that "the facilities for which it seeks incentives either ensure reliability or reduce the cost of delivered power by reducing transmission congestion."^{25,26} An

²⁵ 18 C.F.R. pt. 35, § 35.35(d) (2024); Order No. 679.

²⁶ For an abandoned plant incentive under Order No. 679, the applicant must also show that "there is a nexus between the incentive sought and the investment being made." Order No. 679, at P 76. National Grid describes the risks that an abandoned plant incentive would mitigate for NGPUP at length in its Filing. Transmittal Letter, at 7–8, 23–27; Schneller Testimony at 12:6–19:10. NESCOE has nothing to add to the description of the risks in the Filing, except to note that the possibility that NESCOE could exercise its termination right under the Term Sheet if costs exceed the thresholds set forth therein also creates a risk for NGPUP that an abandoned

applicant for an abandoned plant incentive is entitled to a rebuttable presumption that it meets this standard if: (1) the transmission project results from a fair and open regional planning process that considers and evaluates the project for reliability and/or congestion and is found to be acceptable to the Commission; or (2) a project has received construction approval from an appropriate state commission or state siting authority.²⁷ If an applicant is not entitled to the rebuttable presumption, it will nevertheless meet the Commission’s standard if the applicant can “demonstrate that [its] project is needed to maintain reliability or reduce congestion by presenting [to the Commission] a factual record that would support such findings.”²⁸

Here, National Grid does not claim that it is entitled to the rebuttable presumption. Instead, National Grid provides the testimony of Carlos Perez-Perez, who is engaged as National Grid’s Manager of Transmission Planning in New England, and the analysis conducted by Tabors Caramanis Rudkevich (“TCR”), an engineering economics consulting group.²⁹ In his testimony, Mr. Perez-Perez testifies that various studies and analyses show that NGPUP “will relieve congestion at the Brayton Point point of interconnection (“POI”), allowing 2,400 MW of power to be injected at the same time at the POI.”³⁰ TCR, in its report, states that its study found that “without the transmission upgrades, offshore wind generation at Brayton Point is curtailed from a possible 3.6 GW down to 2.4 GW, representing a curtailment (or loss) of 12.6% of annual

plant incentive would help mitigate, which militates in favor of granting National Grid the abandoned plant incentive.

²⁷ Order No. 679, at P 58.

²⁸ *Id.* at P 57.

²⁹ Corrected Attachment B, Testimony of Carlos Perez-Perez (“Perez-Perez Testimony”), at 1:3–4; Corrected Attachment E, TCR, Final Report National Grid Brayton Point Transmission Upgrade (“TCR Report”) and TCR Qualifications Statement, at Qualifications Statement at 2.

³⁰ Perez-Perez Testimony, at 2:4–8; *see also id.* at 8:14–9:6.

generation in 2030.”³¹ TCR finds that NGPUP would relieve all of the local congestion at Brayton Point and reduce the annual curtailed generation to 0.2% by 2049.³² TCR estimates that the annual savings of NGPUP over a total 20-year period for customers is \$1.2 billion in constant 2023 dollars.³³

NESCOE agrees with Mr. Perez-Perez and TCR that Power Up will deliver net benefits to New England’s ratepayers. Indeed, NESCOE conducted its own independent analysis of the expected net benefits of Power Up, which showed similar results to TCR’s analysis of NGPUP. NESCOE’s analysis projected the expected net present benefits of Power Up, accounting for both the costs of Power Up, net of the grant award, and Power Up’s expected benefits. NESCOE also evaluated Power Up subject to several assumptions to test the transmission projects’ net benefits under various possible future scenarios. For example, NESCOE tested Power Up’s net benefits assuming a 150% cost overrun, assuming a 50% decrease in benefits, assuming that offshore wind projects come into service three to five years late, and using several combinations of the aforementioned assumptions, such as assuming a 50% decrease in benefits together with a 150% cost overrun. NESCOE’s analysis ultimately showed that the expected net benefits of the transmission elements of Power Up were substantial in a base case scenario and were sufficiently robust that they remained net positive under each of the aforementioned assumptions and combination of assumptions. Indeed, due in large part to the significant benefits provided by the DOE grant, net benefits remained positive unless NESCOE assumed that offshore wind projects were delayed by several decades. Thus, based on its own analysis, NESCOE concurs with Mr.

³¹ TCR Report, at 1.

³² *Id.* at 1.

³³ *Id.* at 1, 24.

Perez-Perez and TCR that NGPUP, as well as Power Up as a whole, will provide net benefits for New England ratepayers.

IV. CONCLUSION

Therefore, for the reasons stated herein, NESCOE respectfully requests that the Commission grant the relief requested in National Grid's Filing.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Osterville, Massachusetts this 27th day of January, 2025.

/s/ Nathan Forster

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